

State of Vermont

House of Representatives



Montpelier, Vermont

Joint House Resolution

J.R.H. 27

Joint resolution requesting federal action to alleviate the national student loan debt crisis

Offered by: Representatives Keenan of St. Albans City, Bancroft of Westford, Batchelor of Derby, Beck of St. Johnsbury, Bissonnette of Winooski, Botzow of Pownal, Branagan of Georgia, Briglin of Thetford, Browning of Arlington, Burke of Brattleboro, Canfield of Fair Haven, Carr of Brandon, Cole of Burlington, Condon of Colchester, Connor of Fairfield, Conquest of Newbury, Copeland-Hanzas of Bradford, Cupoli of Rutland City, Dakin of Chester, Dakin of Colchester, Dame of Essex, Davis of Washington, Donovan of Burlington, Eastman of Orwell, Emmons of Springfield, Fagan of Rutland City, Gamache of Swanton, Gonzalez of Winooski, Haas of Rochester, Head of South Burlington, Jerman of Essex, Johnson of South Hero, Juskiewicz of Cambridge, Kitzmiller of Montpelier, Komline of Dorset, Krowinski of Burlington, LaLonde of South Burlington, Lanpher of Vergennes, Lefebvre of Newark, Lenex of Shelburne, Long of Newfane, Lucke of Hartford, Macaig of Williston, Manwaring of Wilmington, Marcotte of Coventry, Martin of Wolcott, Miller of Shaftsbury, Morrissey of Bennington, Mrowicki of Putney, Murphy of Fairfax, Myers of Essex, O'Brien of Richmond, O'Sullivan of Burlington, Parent of St. Albans Town, Partridge of Windham, Pearce of Richford, Pugh of South Burlington, Russell of Rutland City, Savage of Swanton, Scheuermann of Stowe, Sharpe of Bristol, Shaw of Pittsford, Sheldon of Middlebury, Strong of Albany, Stuart of Brattleboro, Sullivan of Burlington, Tate of Mendon, Till of Jericho, Toleno of Brattleboro, Toll of Danville, Townsend of South Burlington, Troiano of Stannard, Webb of Shelburne, Wood of Waterbury, Wright of Burlington, and Young of Glover

Whereas, a *Wall Street Journal* article, updated on August 21, 2015, reported that as of July 2015 nearly seven million Americans were in default on their federal student loans, meaning they had not made a payment in at least 360 days, and

Whereas, this number equals approximately 17 percent of all federal student loan borrowers, and the number rose six percent, or 400,000 more borrowers, than the year previously, and

Whereas, the Federal Reserve Bank of New York's Consumer Credit Panel has reported that in the decade from 2005 to 2015 total student loan debt tripled and rose to \$1.19 trillion, and

Whereas, those in default are often individuals who attended for-profit colleges, are members of a minority group, and never graduated, and

Whereas, overall, one informed estimate is that 27 million borrowers are either in default or some other form of loan repayment delinquency, and

Whereas, Congress enacted the Bipartisan Student Loan Certainty Act of 2013 (Pub.L 113-28), establishing a fixed interest rate for federal student loan programs with caps ranging from 8.25–10.5 percent depending on the specific program, but the rates are challenging for the student borrowers, and

Whereas, although the rates for 2015–2016 are slightly lower than for the prior academic year, they still remain high at 4.29 percent for direct subsidized and unsubsidized undergraduate student loans, and the graduate and professional federal student loan interest rates in the Direct PLUS Loans program are nearly seven percent, and

Whereas, although experts differ on the extent, there is a general consensus that in some years the federal government has made a profit on federal student loans even as numerous borrowers have struggled to make repayments, and

Whereas, while the Obama administration has established popular plans that cap repayments at 10–15 percent of discretionary income, these programs tend to attract graduates of professional or graduate schools and not those who earned only a bachelor's degree or never finished college, and

Whereas, unlike many other forms of consumer debt, 11 USC § 523(a)(8) of the federal bankruptcy code, with limited exceptions, prohibits using bankruptcy as a method for student loan debt relief, and

Whereas, proposals for free or reduced tuition at public colleges and restructuring the system of higher education financing may be useful for future students, but they do not solve the problems of those millions of Americans struggling to repay their existing student loans, especially those for whom a college education did not secure a sound economic future, now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly requests Congress to amend the federal bankruptcy code to eliminate the prohibition on relief from federal or private student loan debt through the federal bankruptcy system, and be it further

Resolved: That the U.S. Department of Education is requested to devise new debt relief programs that effectively address the problems that individuals with low income are encountering in repaying their student loans, and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to U.S. Secretary of Education John King and to the Vermont Congressional Delegation.